

Mayor and Council Communication

DATE: 09/10/19

M&C FILE NUMBER: M&C 19-0121

LOG NAME: 60WHOLESALE RATES 2019

SUBJECT

Adopt Ordinance Revising Wholesale Water, Wastewater and Raw Water Service Rates and Amending Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) (h) and (i) of the City Code with an Effective Date of Billing on or After November 1, 2019 for Usage and Flows From and After October 1, 2019 for Water and Wastewater Service (ADJACENT TO ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance revising wholesale water, wastewater and raw water service rates and amending Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) (h) and (i) of the City Code, with an effective date of billing on or after November 1, 2019, for usage and flows from and after October 1, 2019 for water and wastewater service.

DISCUSSION:

Each year, Wholesale Water and Wastewater rate studies are prepared in accordance with the terms of the uniform wholesale customer contracts.

For Fiscal Year (FY) 2020, the Wholesale Water cost of service and rate study was performed by Water Department staff while the Wholesale Wastewater study was performed by Carollo Engineers, Inc., per the uniform contract requirements. The results of these studies indicate the need for a decrease of 10.56 percent in Wholesale Water revenue requirements and a decrease of 3.53 percent in Wholesale Wastewater revenue requirements. The rates as proposed in the table below will recover the cost of providing Wholesale Water and Wastewater service.

The rate setting methodology set forth in the uniform contract requires that test year data serve as the basis for establishing costs and the volumes used in calculating the future rates. The test year for FY 2020 is FY 2018. Costs are adjusted to include known and measurable changes impacting the rate period. Unlike retail rates, which are based on projected volumes, wholesale rates are calculated using test year actual volumes. This can cause rates to go up in a year with low volumes or down when the test year has high volumes, as was the case in FY 2018.

A joint meeting of the Wholesale Water Advisory Committee and the Wholesale Wastewater Advisory Committee was held on June 5, 2019, to present the studies and the rates.

WHOLESALE WATER RATES

	Current	Proposed
Volume (\$ per 1,000 gallons)	\$1.0712	\$0.8642
Maximum Day (\$ per MGD excess)	\$156,337.00	\$121,788.00
Maximum Hour (\$ per MGD excess)	\$50,407.00	\$51,242.00
Monthly Customer Charge per meter	\$25.00	\$25.00

The city also enters into wholesale water contracts with standby customers who do not use water on a regular basis. These customers are assessed a minimum charge equal to the three year numerical average of the treatment, pumping and transmission charge per 1,000 gallons. The charge for FY2020 shall be \$0.9324 per 1,000 gallons per month.

RAW WATER RATES

The cost of untreated water supplied by the Tarrant Regional Water District is \$1.25539 per 1,000 gallons for use both inside and outside the district. Adjusted for street rental and system loss, the raw water charge to customers is \$1.3684 and is a direct “pass through” cost to wholesale water customers.

WHOLESALE WASTEWATER RATES

	Current	Proposed

Volume (\$ per 1,000 gallons)	\$1.3710	\$1.3303
BOD (per pound)	\$0.4162	\$0.3985
TSS (per pound)	\$0.2737	\$0.2633
Monthly Customer Charge	\$75.00	\$75.00

A Form 1295 is not required for this contract because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the Water Department is responsible for the collection and deposit of funds due to the City.

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